

that you want in your arms and leave in 5 minutes; we're blowing up your house." You have heard it on television, but I heard it firsthand.

Standing in that camp and talking to those people, I asked a simple open-ended question: Why did you leave Kosovo? The stories came back the same time and time again. They did not leave for a crime or wrongdoing; they left because of who they were, and that is the nature of genocide and "geno-suffering."

Now, of course, they are trying to survive, and we are helping them. Thank God we are. NATO is building camps. The humanitarian relief from around the world is inspiring, and yet these people wait, wondering what their fate will be.

I came away from that experience understanding better the Holocaust, understanding what must have been in the minds of so many Jewish people at the end of World War II who said: We need Israel because we have nowhere to go. Everywhere we go, we have been persecuted, we have been killed. Now the Kosovar refugees ask the same question: Where shall we go?

Our policy is to allow them to return to Kosovo. That is where they want to be. That is where they should be. We have said to Mr. Milosevic: Here is what we are asking of you, demanding of you: Remove your troops from Kosovo, allow the refugees to return in safety with an international force to protect them, and then we will negotiate the political status.

I think that is sensible and humane. May I say a word, too, about Russia. Yes, I am concerned about the reaction of Russia. It is important that Russia prosper and get stronger. We have helped in many ways and can do more, and I am sure we will. But Russia is a master of its own destiny, too. If it decides it is better to be an ally of Slobodan Milosevic than an ally of the United States, then, of course, it is a decision they can freely make and one with which they will have to live.

I hope they do not make that decision. I hope instead of arming Milosevic so he can shoot down American and NATO planes that they will decide they can play a more positive and constructive role; that Russia could be part of the brokerage of peace, lasting peace in the region; that Russia could provide some troops in an international peacekeeping force in Kosovo so that it will be more acceptable to the Serbian side. They can do that, and I hope that they will. But I think it is faulty logic to argue that we should restrain our foreign policy for fear that the Russians might react against it. Did we stop to ask the Russians whether we should bomb Saddam Hussein? I certainly hope not. We knew what our national interest was, and we proceeded with it.

We hope the Russians will be with us, but they certainly should not have a veto over our foreign policy.

Allow me, if you will, to speak for a moment about the state of our mili-

tary. General Wes Clark, who is our commander in chief now of the NATO operations in Kosovo, is an extraordinary man. He was first in his class at West Point, a Rhodes scholar. He is articulate, dedicated, and patriotic. Thank God for him and people just like him who have dedicated their lives and service to our country.

He met with us at great length and answered literally every question we had to ask about this operation. Is he frustrated? Of course, he is. This is NATO's first war. America has fought wars before, but this is a war by committee with 19 nations gathering together to talk of strategy, and that is a frustration to any commander in chief. He understands our mission, and he is executing it professionally.

It troubles me to hear some of my friends on the other side of the aisle suggest that after 25 days of bombing in Serbia and Kosovo somehow or another the American military might has been decimated.

I sure did not see that, not at Aviano Air Base or Ramstein in Germany. I saw a strong military that needs our support. I do not believe it is in the weak condition that many of my colleagues are suggesting.

The President said we need \$6 billion to make sure it continues to be strong. I hope we move on that quickly and we do not use this request by the administration as an excuse to get into a prolonged political debate about whether or not the military has been treated well over the last few years. Let us focus on the immediate needs: Supplying our troops and making certain they can defend themselves and successfully prosecute this mission.

Let me also say that the Senator concluded with three recommendations about refugees. I disagree with his conclusion that we move them to another place. They want to return to Kosovo. They should return to Kosovo. I agree with him in bringing Russia in for peace negotiations. And I certainly agree with his conclusion that we should not involve ground troops in this effort.

I say to those who are witnessing this event, the American people are now focusing more on it, as they should. My visit over the last 3 days, this last weekend, focused my attention on it as well. I am proud of what the United States is doing. I am proud of what NATO is doing and what it stands for. I believe we are standing for values that we have stood for for at least the 20th century, if not longer.

I believe we can succeed. But we cannot succeed when a television program like "Nightline," 7 days into the war, has a program entitled "The Kosovo Crisis: Still no end in sight." Seven days—7 days into the war they want it over with, and all the political pundits are coming on television on Sunday and saying, well, we must have lost that war. It is a good thing they were not around during the Battle of the Bulge. Who knows how that war might

have ended? It is going to take patience and determination to bring this to a good conclusion. I hope Members of both political parties will join together to make that happen.

I will tell you, when there was a vote on the Persian Gulf war, President Bush came to Congress and asked for our approval. I voted against it. I did not think it was necessary. I thought we could achieve our goals without the use of the military. But I lost and the vote went against me; the military action was approved. Immediately after that vote, a resolution was introduced, and passed overwhelmingly on a bipartisan basis, that said the debate is behind us now, we are behind our men and women in uniform, and we will stay behind them to the end.

There will be plenty of time to debate this. History will be the judge of whether we did the right thing and did it in the right way. For the time being, let us, as a nation, let those of us, as elected officials in the Senate and the House, have the determination to stand behind this policy.

What are our options? Well, there are three. We can stand behind this policy of bombing, or we can leave, or we can send in ground troops. It is an easy choice for me. I am going to stand behind this policy, because the future of NATO is at stake, the future of Europe is at stake, and the values of the United States, that we have defended so long, are at stake as well.

Mr. President, I yield back the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUNNING). Without objection, it is so ordered.

GUIDANCE FOR THE DESIGNATION OF EMERGENCIES AS A PART OF THE BUDGET PROCESS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 557, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 557) to provide guidance for the designation of emergencies as part of the budget process.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The majority leader.

AMENDMENT NO. 254

Mr. LOTT. Mr. President, on behalf of Senator ABRAHAM, Senator DOMENICI, and others, I send an amendment to the pending budget bill to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. ABRAHAM, for himself, and Mr. DOMENICI, proposes an amendment numbered 254.

Mr. LOTT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LOTT. I believe Senator ABRAHAM is ready now.

The PRESIDING OFFICER. The Senator from Michigan.

AMENDMENT NO. 255 TO AMENDMENT NO. 254

Mr. ABRAHAM. Mr. President, I send a second-degree amendment to the pending amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. ABRAHAM], for himself, Mr. DOMENICI, Mr. ASHCROFT, Mr. LOTT, Mr. NICKLES, Mr. MCCAIN, Mr. FRIST, Mr. CRAPO, Ms. COLLINS and Mr. GRAMS, proposes an amendment numbered 255 to amendment No. 254.

Mr. ABRAHAM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LOTT. Mr. President, I believe Senator LAUTENBERG or perhaps other Senators will be here momentarily and will wish to comment on this subject—perhaps even the Senator from South Carolina. I know Senator ABRAHAM is prepared to begin the discussion.

For years we have talked about how we can set aside Social Security to come up with a process so Social Security cannot be used to make the deficit look better or be spent for other programs or, for that matter, for tax cuts. A lot of thought has been given to this. Efforts have been made by Senators on both sides of the aisle. I think what we have this time is real. It will keep this money from being spent, without a supermajority vote in the Senate, for other than defense. It is a clear step in the right direction.

We need to be able to say to the American people that not one cent of Social Security is going to be able to be spent on anything but Social Security. This lockbox will make it a lot more difficult, although under emergency circumstances obviously that could still be pierced. The key, though, is to lock this money up, make sure it is not frittered away, and then see if we can come up with genuine long-term Social Security reform so this money can be used for that. If it is not, it will still be used, available to reduce the debt, and, over a period of years, that itself will be a significant benefit to the country, to the economy, to our

seniors, and to the Social Security program.

So I commend Senator ABRAHAM for his persistence on this issue, and I think the best thing for us to do at this point is to get into a discussion about what we are trying to do here and see if we can get this process through. This is a change in the law; this is not just a budget process change. This is something the Senate would have to act on, the House would have to act on, and we would have to send it to the President.

So I think it is time, and appropriate, now, that we have this discussion about the future of Social Security.

I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I thank the majority leader for giving us an opportunity to begin this debate. I realize we have a number of Members on various sides of this issue with different ideas. I think if we have a discussion here, perhaps we can identify some of the concerns and address them. I hope we can because I think this is a topic that needs to have our full attention.

Let me begin by saying I have just submitted an amendment here on behalf of myself as well as Senators DOMENICI, ASHCROFT, LOTT, NICKLES, MCCAIN, FRIST, CRAPO, COLLINS, and GRAMS. The amendment is the Social Security Preservation and Debt Reduction Act. It implements a sense-of-the-Senate resolution which we approved as part of the budget resolution just before our Easter recess.

As you know, that sense-of-the-Senate resolution passed this Chamber on March 24 by a vote of 99 to zero. It said simply that we ought to truly protect Social Security by seeing to it that moneys in the Social Security trust fund are only used to fix Social Security or to pay down the public debt, and for no other purpose.

We all agree that saving Social Security is our No. 1 priority in this Congress. That has been a discussion that virtually every Member at one time or another has been part of. The President, in both his 1998 and his 1999 State of the Union Addresses, said we should save every penny of the Social Security surplus. In this year's Address, he said we should use it to reduce the Federal debt so as to ensure it will not be squandered on other spending programs.

I agree with that. So do my cosponsors. Therefore, it is our hope, through this amendment we are offering today, to put into effect that which so many people, including the President, have sought to accomplish. If enacted into law, this amendment would save every penny of the Social Security surplus either to fix Social Security or to reduce the public debt.

Using hundreds of billions of dollars from the Social Security trust fund for new spending will not save Social Security. Indeed, the Congressional Budget

et Office now estimates that the President's own budget, the one he submitted to us in February, spends \$158 billion of the Social Security surplus, 20 percent of the surplus that will be generated over the next 5 years. Fortunately, as you know, the Senate charted a different course. Through our sense-of-the-Senate resolution, 99 Senators stated our intention to lock up the Social Security trust fund to protect those dollars from being spent on other Government programs.

Let me recount what this resolution, which we passed as part of the budget, provided.

First, it provided we would place Social Security truly and fully off budget.

Second, we pledged to create a subcategory of the current gross Federal debt limit; namely, debt held by the public.

Third, we pledged to mandate the reduction of that publicly held debt level by an amount equal to the Social Security trust fund surplus.

In addition, the limits could be adjusted one time to accommodate substantive Social Security reform. In other words, unless we were using the Social Security trust fund surplus to fix Social Security, reform to modernize the Social Security system, then it would be used to reduce the current levels of Publicly held debt.

The amendment I am offering would implement those pledges. So let me briefly run down its provisions.

The Social Security Surplus Preservation and Debt Reduction Act reaffirms that Social Security is off budget. That means its assets should not be counted for purposes of the budget submitted by the President or the Congressional Budget Resolution. The legislation establishes a simple majority point of order against any budget that does not count Social Security moneys. This amendment also codifies the budget resolution language to establish a 60-vote Senate point of order against any budget resolution, budget amendment, or budget conference report that runs a deficit unless that deficit results solely from Social Security reform legislation.

Of critical importance is the amendment's provision establishing in law a declining limit on the amount of debt that could be held by the public. This limit would be reduced in the year 2000, in the year 2001, and at 2-year intervals thereafter through the year 2009, by an amount equal to the entire Social Security trust fund surplus for each corresponding time period. The amount would be measured as CBO's current annual projections of the Social Security surplus for these same years.

The 60-vote point of order would lie against any resolution or bill that would exceed the publicly held debt limits. In other words, we could not expand the publicly held debt unless we had 60 Members of this Chamber who would make such a decision.

However, these limits would be automatically adjusted for the cost of Social Security reform, as I have mentioned, and/or for any changes in the actual or projected Social Security trust fund surpluses.

Clearly, we are trying to read out the long period of time through this legislation, a 10-year period. So if, as we move through that period, the size of the Social Security trust fund surplus were to be readjusted or projected differently, then the legislation we are offering right now would provide the mechanism for making adjustments in that reduction of the publicly held debt accordingly.

A number of additional provisions would protect Social Security recipients from unforeseen events. First, specific language in the amendment states that the Secretary of the Treasury shall give priority to the payment of Social Security benefits required to be paid by law. This amendment guarantees that Social Security benefits will have the highest priority on all Federal moneys. We institute a concrete guarantee to seniors, and to those who one day will be seniors, that their benefits are truly backed up by the full faith and credit of the Government of the United States.

In addition, Mr. President, this amendment includes a provision that would set aside the public debt reductions in the case of recession. Whenever the Commerce Department reports two consecutive quarters of less than 1 percent growth, the limits would be set aside until there is one full quarter of more than 1 percent real growth. Once reestablished, the limit would restart 6 months later at the level of public debt held at the time of the recession's ending and then step back down at the rate projected by the newly determined Social Security surpluses.

Finally, this amendment includes an exception for emergencies such as the current crisis in Kosovo.

On March 17 of this year, Treasury Secretary Rubin sent a letter expressing several concerns about this approach. First, let me say that I was somewhat disappointed when he did so and surprised that he would raise the concerns about a bill that had not yet been written, let alone introduced. I appreciate the way Washington public policy debates work, Mr. President, and I understand the Secretary of the Treasury wanted to, at a very early stage, express concerns. What we have tried to do is respond to those concerns in such a fashion, I hope, that the way we have crafted the amendment will satisfy some of the issues raised in his correspondence. Let me talk about a few of those considerations at this time.

First, Secretary Rubin in his letter commented that fiscal restraint is best exercised through the tools of the budget process; debt limits should not be used as an additional means of imposing restraint. But the last 2 years have clearly shown that current budget

rules are inadequate to curb Washington's spending habits.

Last year, the President threatened to shut down the Government unless we spent \$21 billion of the Social Security surplus through various so-called "emergency" spending declarations. There was a lot of debate as to whether or not some of those provisions truly were appropriately described as emergencies. This year, as I noted, the President proposed spending \$158 billion of the Social Security surplus on new spending programs over the next 5 years.

The budget rules, therefore, I do not believe are protecting the Social Security surplus, and it is not just the President who has proposed ideas and ways by which these Social Security surplus dollars can be spent. Members of Congress, on both sides of the aisle, have a lot of spending ideas, as we have heard.

In my judgment, the current budget rules do not protect these Social Security surplus dollars adequately. They are not designed for that purpose. Therefore, in my judgment, only by locking away the Social Security surplus and guaranteeing that the spenders cannot get ahold of it will we be able to protect those surplus dollars.

The fact of the matter is, if there is money available, people will find a way to spend it under the current rules. I think that is very simple and clear, and I think we should take additional steps to address it. I do not think we can count, as the Secretary has indicated, on the existing rules to suffice.

Next, Secretary Rubin has raised the specter of default saying:

Even the appearance of a risk that the United States of America might not meet its obligations because of the absence of necessary debt authority would impose significant additional costs on American taxpayers.

Mr. President, we should keep in mind that we currently have a debt ceiling of \$5.95 trillion. We live within a debt ceiling. We are not talking about creating something out of whole cloth here, a limit on the amount of indebtedness the American Government can assume. That is the law, and the Treasury cannot issue more debt than that.

Further, current gross Federal debt is about \$5.48 trillion. It is not at the moment projected to rise significantly over the next 10 years. There is no specter of failure to meet our obligations here.

I will note, however, that the CBO estimated that the President's proposals in his budget would raise gross Federal debt to almost \$8.4 trillion, almost \$3.5 trillion over the current debt limit, exceeding the current debt limit by nearly 40 percent. Therefore, using the Secretary's logic, the President's budget will place us in immediate jeopardy of default because it will exceed the debt limits that we already have in place.

Our proposal, on the other hand, simply creates a sublimit of our current

debt limit, one for debt held by the public. It does nothing to limit our ability to meet our obligations.

Nonetheless, we have tried to take Secretary Rubin's concerns seriously. What we have done to try to address those concerns—and I will elaborate on this a little bit further at a later point in these remarks—we have delayed the implementation of each year's new debt limit by 7 months to ensure that they become effective when the Treasury is most flush with cash. This will establish a buffer that is more than sufficient, in our judgment, to cover Treasury's short-term cash management needs, even during seasons of the year when cash deficits have historically appeared.

Third, Secretary Rubin has expressed concern that the publicly held debt limits "could easily be inadequate for the Government to meet its obligations at a given point during the year. If the Treasury could not borrow or raise, it is possible that it could simply stop honoring any payment." And he even went on to say Social Security payments.

What he means by that, and it is related to the earlier point that I just addressed, is the fact that the revenue stream to the Government does not always coincide with the outflow of money during particular points in the year. That is why, as I have mentioned, we have altered our original proposal to move the date at which these publicly held debt ceiling changes would occur to a point—May 1—at which time, based on the past 10 years, the Government has been most flush, has had the largest inflow of money—obviously, it corresponds to some extent to tax payment day and other factors—for the exact purpose of making sure the changes would occur at a point when the Treasury would have the most cash on hand and the greatest flexibility with respect to any obligations, it would seem to me.

In addition, we have placed into this amendment a legal declaration that Social Security payments required by law have priority claims on the U.S. Treasury. In other words, we try to do two things here that I think address all of the concerns raised by Secretary Rubin.

First, we have changed the effective date as to when the debt limits would be changed to meet the maximum point of revenue stream to the Government, thus giving him and his successors total flexibility with respect to meeting obligations, and the guaranteed Social Security benefit checks will be paid by ensuring in the language of the amendment that they would receive top priority of expenditures.

In addition, we have responded to the Secretary's concern about short-term cash management swings, as I say, with a 7-month delay of implementation of the debt limits.

We are open to other ideas, but we are trying to be responsive to those

concerns that have been raised. That is our hope here, to try to address anything that might serve as an impediment to anyone concerning the support of this vitally needed legislation.

In addition, Secretary Rubin has worried that the proposed debt limits could run the risk of worsening an economic downturn. We take that to mean concerns that if a recession were occurring, we would be in a difficult position to adequately address it. Once again, we have taken into account those concerns, and we have placed in our amendment language, as I mentioned earlier, that would suspend the debt limits during times of recession and reinstate them only after we have recovered from such recession at the newly adjusted publicly held debt levels.

Finally, the Secretary expressed concern that the lockbox does not allow for emergencies. Let me first observe that this administration's use of the term "emergency" has been somewhat variable, and it would certainly be the view of this Senator, and I know others, that it has been used to characterize a number of expenditures that are hard pressed to be included under that definition, at least as I see it. We spent \$21 billion of the Social Security surplus on an emergency package at the end of the last Congress that certainly had provisions which did not, in my judgment, meet the normal definition of that term.

However, considering that we now have a 60-vote point of order against any nondefense emergency spending provisions as part of the budget resolution that we passed, we have placed in this amendment language to automatically adjust upwards the publicly held debt limits for any emergency spending provisions. Thus, we once again address the concern that was raised.

Mr. President, I believe this meets, therefore, every one of the serious concerns expressed by the Treasury Secretary, while at the same time still meeting the central goal of protecting and preserving the Social Security trust fund surpluses. It successfully addresses the No. 1 issue of this Congress: Saving and strengthening Social Security.

While it may not constitute the long-term reform proposals that I know will be further debated as the Congress moves ahead, it protects the surpluses of the trust fund so they can be employed to make sure that we modernize the Social Security system in a way that not only guarantees today's beneficiaries are able to receive what they are entitled to, but also the future beneficiaries will as well. We owe it to those who have reached retirement age, as well as those who will one day join them, to do this.

As recent events have shown, the only way to do that is to take Social Security finally and fully off budget, because so long as Social Security trust fund surpluses can be accessed by spending priorities, they will be spent. In my judgment, it is that simple. It is

simply too easy to point to good ideas and good programs and arguments of things that can be done with large amounts of the American people's money, too easy to see the benefits of Federal spending without looking at the cost to our financial stability and to those who depend on a sound Social Security system.

In my opinion, we must, in order to meet our obligations to the American people, see to it that every penny of the Social Security trust fund surplus is preserved for Social Security. And the only way to do that is to lock up those funds by using them to pay down the public debt. I think it is the right thing to do.

President Clinton himself has endorsed the idea at the root of this amendment. This Chamber recently voted unanimously for a resolution calling for legislation of this sort. So I hope we can get together, as colleagues, to take what would be the final step—this amendment—to place Social Security surpluses above the risks that they will be squandered and secure them for generations to come.

Mr. President, I am pleased, on behalf of a variety of colleagues, to offer this amendment. We look forward to the discussion. I hope that it can encompass not just a discussion of this proposal as offered, but if Members have ideas with respect to the lockbox, I hope they will share them with us, because I think protecting the Social Security surplus dollars is something that we have an obligation to achieve in this Congress.

Mr. President, I yield the floor.

Mr. LAUTENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. Mr. President, I am honored to cosponsor the Abraham-Domenici Social Security surplus preservation amendment. This amendment will protect Social Security for millions of Americans who now receive its benefits and who now pay taxes hoping that they someday, too, will receive Social Security.

I believe protecting Social Security is the highest priority we could have in the Congress. Protecting Social Security means we must make sure the current surpluses that will be needed to pay benefits later are not used to pay for new budget deficits in the rest of government. That is what this bill does. It is why I am for it, and it is why I urge swift passage of this legislation.

The legislation we are debating today logically follows and, in fact implements, previous policy decisions that have been made by this Congress. Let's review a sense-of-the-Senate resolution that the Senate passed by an over-

whelming 99-to-0 vote just 2 weeks ago. That resolution made these points:

No. 1, Congress and the President should balance the budget excluding surpluses generated by the Social Security trust funds.

No. 2, reducing the Federal debt held by the public is a top national priority.

No. 3, the surpluses now held in the Social Security trust fund will reduce the debt held by the public by \$1.7 trillion.

The nonpartisan Congressional Budget Office estimates that President Clinton's budget would spend \$158 billion of Social Security surpluses on new spending programs over the next 5 years. That is the nonpartisan Congressional Budget Office. It simply says that the President's plan for spending is to use the Social Security surplus to go out and spend \$158 billion which would not otherwise be spent over the next 5 years.

Social Security surpluses should be used for retirement security, for payment of current benefits, or to reduce the debt, and should not be used for other purposes.

These mandates should be implemented in two ways:

First, by providing for a Senate supermajority point of order against any bill or resolution that would use Social Security surpluses on anything other than the payment of Social Security benefits.

Second, by establishing a supermajority point of order in the Senate against raising the limits established on the level of debt held by the public. This resolution passed the Senate 99 to nothing. It passed unanimously. Not only did it pass unanimously, there was no dissenting debate.

The conference report on the budget resolution which we passed last week took the first steps necessary to protect Social Security by balancing the budget without using the Social Security surpluses, and it established for the next 2 years a point of order against budget resolutions that use Social Security surpluses to balance the budget.

Mr. President, I believe that is what we need to do. We need to basically say that it is out of order to go back and take Social Security surpluses to cover deficits in other parts of government.

The amendment we have before us implements the sense-of-the-Senate resolution. It simply takes what we did 2 weeks ago and makes permanent the Social Security protection measures that were included in the conference report. Specifically, this amendment accomplishes the following:

No. 1, this amendment creates a 60-vote point of order against future budget resolutions that use Social Security surpluses to balance the budget. This provision makes the temporary point of order included in the conference report permanent, and it is made a part of the law, not just part of the Senate and House rules on the budget. We simply would be able to say that it is out

of order, it requires a supermajority setting aside or suspending the rules in order to devote the Social Security surplus to covering deficits in other parts of the operations of government.

This provision is identical to legislation I introduced earlier this year to protect Social Security. This amendment lowers the amount of debt held by the public by amounts roughly equal to the Social Security surpluses. So as you have a Social Security surplus, instead of spending it on new government, you use it to lower the amount of debt held against this country.

The effect of this provision is twofold: It helps ensure that the Social Security trust funds are not used to pay for aggressive spending programs or for tax cuts; and, secondly, it reduces overall Federal debt. By reducing debt, this amendment will strengthen our economy, strengthen Social Security, and our capacity to meet our obligations to it in the future.

Reducing the public debt makes it easier for America to meet its Social Security obligations in three ways. I think Speaker HASTERT was most eloquent about this. He said if you ever came into a surplus in your own life—maybe a rich uncle died, left you \$50, \$60,000—and you either could spend it on a bunch of new spending or pay down the mortgage on your house, which would help you meet the challenges of the future better? It is pretty clear, not going to Las Vegas and taking a lot of vacations but paying down your debt, paying down your mortgage, would be the best thing.

Over the long run, paying off the debt will lower interest payments, which are now over \$200 billion annually. They equal about 15 percent of our budget now.

No. 2, they would ease the burden of the \$3.8 trillion national debt, which would free up more resources to help us meet Social Security obligations in the future. Of course, No. 3, a debt-free America will have a stronger, faster-growing economy and will be better equipped to come up with the money to redeem the trust fund's IOUs when needed.

We cannot afford not to pay off the Federal debt. Federal debt incurs very real costs in the form of interest payments and higher interest rates. Under President Clinton's proposed budget, \$158 billion from the fiscal year 2000 to fiscal year 2004 budget would be diverted from debt reduction and directed towards spending. According to the Senate Budget Committee, that represents 21 percent of the Social Security surplus over that period. In fiscal year 2000 itself, it represents \$40 billion, or 30 percent of the surplus.

In contrast, our amendment would require us to reserve every penny, all of the Social Security surplus, for debt reduction. Under this plan, publicly held debt, which now stands at 44.3 percent of GDP, would be reduced to 10.3 percent of GDP by the year 2009. That

is a 70-percent reduction over just 10 years.

Once this amendment is adopted, the President and Congress will no longer raid Social Security surpluses to pay for non-Social Security spending. This amendment would, therefore, protect Social Security at the beginning and at the end of the budget process. At the front end, Congress could no longer pass budgets that use Social Security surpluses. At the back end, the ratcheting down of the debt ceiling would ensure that Social Security surpluses go to debt reduction, thereby helping to keep our financial house in order. A strong financial house for the United States of America is fundamentally the best guarantee we can ever have that Social Security will be a house of integrity itself.

One of the most important lessons a parent teaches a child is to be responsible, responsible for his or her conduct and responsible for his or her money. America needs to be responsible with the people's money. The debt reduction proposed by this amendment is among the greatest gifts we can give to our children, and it is a great gift for our seniors. Imagine what our children could do if we were able to provide for them a next generation that is free, free to build their own dreams instead of pay for our past.

In addition to protecting our children from debt, this amendment will also protect the Social Security system from irresponsible government spending.

I urge my colleagues to join me in support of this amendment, and I thank the Chair for this time on the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the Senators who have taken the floor and spoken on behalf of this lockbox amendment.

I have worked for many years with a number of Senators, some of whom are on the floor—some on the other side, like Senator HOLLINGS—in an effort to see what we could do to make it as difficult as humanly possible to spend Social Security trust fund money for other kinds of expenditures of the Federal Government, be it programs, or be it tax cuts.

Frankly, I have heard it said on a number of occasions that the things we tried to do heretofore were all process and didn't get the job done. I don't want to take credit for doing something extraordinary. But I will say this idea of tying the Social Security trust fund to the debt held by the public over a 10-year period, and limiting the amount of debt that can occur in each of those years for a decade, which essentially is the current debt minus the amount of Social Security trust fund subtracted each year from that debt—what is left over, that residual is the debt held by the public. But I did, at a committee hearing, for some reason

come up with the idea that maybe that is what we ought to do—tie it to a debt limit.

There will be plenty of people who will take the floor and say this is too rigid, this is too tough, this puts too big a shackle around the Government of the United States.

Let me tell you honestly. If you want to tell the seniors of America we don't want to spend your Social Security money for programs, or tax cuts, or anything other than when we need it for you, we will use it for you, then you ought to really be serious about it. You ought to say that is what we are trying to do.

Obviously this is the first time that the rhetoric and the contentions by Senators from both sides of the aisle that we ought to not spend Social Security money has been reduced to a statute that, if it passes and is signed by the President, will govern for 10 years, whether or not the United States can easily use trust fund money from Social Security for other causes, other reasons, as just as they may be. It will become very difficult when this legislation becomes law for us to ever again in a wholesale, willy-nilly manner spend Social Security trust fund money. In fact, every time you exceed that debt limit, and even if you have 60 votes, you are going to have to tell the American people we are exceeding it; we have 60 votes now. It is something very important, and people are going to be able to look and see. Was it something very, very important, or are we back to business as usual?

That is the essence of this proposal.

When I was saying we talk a lot about it, let me say on the debate on the budget resolution on the floor of this Senate—and the occupant of the Chair helped, because he voted the right way, but on this vote it was an easy vote because 99 Senators voted for it, as I recall. There was a sense-of-the-Senate resolution, kind of the precursor to this bill that was adopted by the Senate. It was an Abraham-Domenici and others sense-of-the-Senate resolution.

It did the following things:

One, it reaffirmed the Omnibus Budget Reconciliation Act of 1990 that Social Security trust funds are off budget.

Second, it provides a Senate point of order against any budget resolution that violates that section of the Omnibus Budget Reconciliation Act.

Third, it mandates that Social Security surpluses are used only for Social Security, or reducing the public debt.

Fourth, it provides for a Senate supermajority vote on a point of order against any measure that would use Social Security surpluses for anything other than the payment of Social Security benefits, Social Security reform, or the reduction of the debt held by the public.

Fifth, it ensures that all Social Security benefits are paid on time.

Last, it accommodates Social Security reform legislation. That was passed 99-0.

Mr. President, what happened was we attempted in that sense-of-the-Senate resolution to encapsulate what this legislation that is before us today did. It said that it is the sense of the Senate that we should adopt a bill that does all of these things. Now we have that bill before us.

So those who would now want to either unduly delay this vote, or say we should not do it, or vote against it, no, it is not so easy to explain that they just less than 10 days ago voted—2 weeks ago and a few days—voted 99-0 to adopt legislation just like this.

I understand that there can be a lot of explaining between the language and the statute—the language in this lockbox legislation.

Right off, I want to mention one thing. There are a number of Senators—I am hoping it is a minimum—within the next couple of days who are going to cite the fact that our distinguished Secretary of the Treasury, Mr. Rubin, said some legislation that he had seen that was the Domenici legislation on the lockbox wouldn't work mechanically, that part of the year you don't get in a real strong flow of income tax, and later on you get in a big flow of income tax, and that maybe you would not be able to control the expenditures and the need for cash during those early days if in fact you had a very rigid year-long debt limit.

We have done the best we can. We are open to suggestions to adjust to that need for flexibility without altering the ultimate dollar number that will be the debt held by the public.

Again, rather than use it to destroy this legislation, which it should not do—I read the letter, and we can fix the concerns of the Secretary—if that is all the concerns the administration has, if that is all of them, we already fixed most of them right here. But if it is not quite right, we welcome the legislative liaison from the Treasury or the White House to come and tell Mr. Rubin to tell us how to fix it better, just as long as it is understood that we don't want somebody from the administration saying that what we are really telling you is too tough, it is too rigid, it holds your feet to the fire too much, we ought to have more flexibility in terms of why and for what purpose we should use this Social Security surplus. If that is the reason the legislation is bad, we want to suggest that we are at opposite ends of the polls; for that is the reason we think it is good, because it is very tough.

If you are going to throw away much of the Social Security funds in the next decade instead of applying it to the debt of \$1.8 trillion, it is not going to be easy, which means that Government is going to be pretty much tied to a reasonable budget that does not spend the Social Security budget surplus over time over this decade.

For those who say, well, you know, there will be no money for this or that or the other, maybe there won't, but maybe there will be because we are not

saying that surpluses that are not Social Security surpluses are subject to any kind of restriction. They are subject to what Congress wants to do and what a President recommends.

So if there are surpluses that do not belong to them—and there is a very large chunk of surplus now that doesn't belong to Social Security—we are not trying to limit that. We Republicans think most of that should go back to the public in tax cuts, but that is a year-long battle with the President and others. That is not Social Security money.

Mr. President, that same sense-of-the-Senate language that I told you about that was adopted in the budget resolution in its final form, after it got 99 votes freestanding, it was adopted by a vote of 54-44 when the budget resolution was adopted.

When 99 people vote and tell the Senate what we should do, and then we do it, it would seem to me that it ought to be a rather simple proposition that we ought to do it, tell the public we meant what we said, and get on with making sure we find other ways to take care of our governmental needs, but not the Social Security trust fund for the next decade.

Unless the Senate and the sense-of-the-Senate resolution was meaningless, this statute should get rather broad-based support, it seems to this Senator.

Let me speak from the standpoint of what could be better for America than us doing this. I can think of hardly anything that could be better for America, not just for the seniors, better for America. Mr. President, \$1.8 trillion during the next decade, and I truly believe that if this statute is adopted it will be perilously close to \$1.8 trillion, that will be cut from the national debt.

That is an incredible number. Senator ASHCROFT just told us how big it is, in terms of percentage of our gross national product. But \$1.8 trillion of public debt during this decade will be wiped clean and there will be no public debt against that \$1.8 trillion because the surplus of Social Security money will be there, only to be used for major reform for Social Security if, in fact, that occurs during this decade.

Why is that good? If you asked almost every rational, reasonable, mainstream American economist from Alan Greenspan to that long list that said the President was doing good things in reducing the debt, you ask them if reducing the debt by \$1.8 trillion is not a very positive thing for our economy and they will all say: The best thing to use surplus for is debt reduction. Because that means we borrow less. In a very interesting way it means we save more, because if you were to spend it, you would have to be borrowing to take its place. And if you do not borrow, you are saving. Since we individually save little, it is very good, starting into the new millennium and the first few years, that we have a low debt with low borrowing which may very

well keep the American economy moving ahead, strong, powerful, with lower interest rates.

What could be better for America? Nothing. What could be better for seniors? Nothing—other than a reformed Social Security program that was in existence for 75 years with no problems. And, frankly, an appropriate plan might use this surplus in transition for that and we might get that out of this also.

Why else is it good for seniors? Did anybody hear the President go to the Rose Garden when he got a statement from the trustees of Social Security and Medicare the other day and announce to America that things were looking better for Medicare and Social Security? I believe there was an announcement that we added 8 years to the longevity of the trust fund for Medicare. And we did not do a thing. We just continued to have a prospering American economy. So one can say seniors should want a prospering American economy more than anyone else in this society, because a prospering American economy, with high employment and low unemployment, is the best medicine for the Social Security trust fund and Medicare trust fund of anything, any set of activities we could do as American people, as business people, and as American taxpayers and workers, producing goods and services in this very vibrant and powerful economy.

So, when you look at that, this may just be, in some people's minds, some small approach to making the case that we are trying to save Social Security trust fund money from being spent arbitrarily for things that are not Social Security. It is more than that. It is a combination of things that I just described, including the very positive result of greatly reducing the national debt while we wait to see what is needed for Social Security reform; a very, very positive piece of legislation.

It is important to allow the Federal Government maximum flexibility in times of low growth or recession. The Federal budget is one of the most important economic policy tools we have. In fact, we have procedures in place which allow us to suspend our budgetary enforcement rules during such times.

This legislation contains a low-growth, recession trigger as well. If the Department of Commerce reports two consecutive quarters of real economic growth of less than 1 percent, the limit of debt held by the public is suspended. The current law statutory debt limit would still be in place.

The limit on debt held by the public is suspended until the Commerce Department issues a final GDP report indicating that the level of real GDP has risen back to its level prior to the low growth or recession period. The limit on debt held by the public is restored at its actual level (at the time the Commerce Department report is issued that de-triggers the suspension.)

The limit on debt held by the public then begins to decline at the same rate that it would have had the suspension not been triggered.

Mr. President, the Act is effective for 10 years and then sunsets. This is the same time period covered by the recently adopted concurrent resolution on the budget for fiscal year 2000—H. Con. Res. 68. It is a period of time in which the Social Security trust fund balances are expected to grow by nearly \$1.8 trillion. These balances would retire debt held by the public which would help prepare the country for the retirement of the baby boom generation early in the next century. It reaffirms off-budget treatment of the social security program.

The act reaffirms current law that the receipts and disbursements of the Social Security trust funds shall not be counted for the purposes of the Federal budget submitted to Congress by the President or any congressional budget.

The act creates a new Budget Act point of order against Congress adopting a budget that uses social security surpluses to achieve balance, and requires the President to submit a budget that does the same. It uses the Social Security surplus to reduce the debt held by the public. The act establishes a new enforceable limit on the amount of debt held by the public over the period from 2000 to 2010. These debt limits specified in the act are current estimates of the level of borrowing from the public over this period that result from the Social Security surplus only being used to retire debt. The surplus could not be used for non-Social Security spending or tax cuts. Legislation increasing these limits would require a super-majority vote in the Senate.

The act establishes the first limit becomes effective as of May 1, 2000, and effectively ratchets down this limit May 1 and periodically thereafter. The effective date accommodates Treasury Department's Federal cash management responsibilities. The newly established debt held by the public limits would not disrupt the cash management operations of the Bureau of the Public Debt nor would it jeopardize Social Security benefit payments.

The limits follows:

May 1, 2000 through April 30, 2001, \$3.628 trillion;

May 1, 2001 through April 30, 2002, \$3.512 trillion;

May 1, 2002 through April 30, 2004, \$3.383 trillion;

May 1, 2004 through April 30, 2006, \$3.100 trillion;

May 1, 2006 through April 30, 2008, \$2.775 trillion; and

May 1, 2008 through April 30, 2010, \$2.404 trillion.

There are adjustments to Limits for Social Security reform, recessions, emergencies and war. Social Security reform—the Act authorizes adjustments to the limits established for legislation enacted that reforms Social Security during this time period. If Social Security reform legislation is en-

acted, and if that legislation has the effect of changing the debt held by the public specified in this act, then the Secretary of the Treasury shall adjust the limits in this act to reflect those changes.

Recessions—the provisions of this act are suspended during a period of low economic growth. Two consecutive quarters of less than 1 percent real economic growth would automatically make the debt limits in this act inoperative. After the recession has ended, the act would reinstate new debt limit levels adjusted for the impact of the recession.

Emergencies—the act also provides for an automatic adjustment to the debt limit levels specified if, after the adoption of this act, the Congress enacts into law “emergency” spending defined under the Balanced Budget Act. If emergency spending uses a non-Social Security surplus, then no adjustment to the limits would be necessary. If, however, emergency spending requires the usage of Social Security surpluses, then the limits specified in the act would be adjusted for that amount.

Declaration of war—the act would be suspended upon Congress enacting a declaration of war.

I want to suggest there are those who wonder what we will do if we have a recession. I provided in this a triggering mechanism. If there is anybody who would like to improve upon it, I welcome it. But it says you have a recession if you have two consecutive quarters of significant downturn in the economy, in which event you may very well be dramatically impacting upon the tax take of the country. In that case you may, indeed, trigger a halt to the reduction, the constant reduction of the debt limit. And you may leave it in place until you get into a recovery mode and then set it back on its trendline toward total elimination of the \$1.8 trillion.

In addition, you will find some language in it regarding war, or regarding substantial moneys being needed for our military. Those may occur from time to time and we would not want people to say this is making it impossible to fund that, even though holding it is a good thing. It might be that you would want to use it for those kinds of things, and there is a provision permitting us to do that.

When you add it all up, I think we have been considerate of the problems associated with trying to truly lock this money in and that we have a good bill. We hope we get some support from the Democratic side before we are finished, and we stand ready to debate it. I hope our leader stands ready to debate it as long as necessary for us to get an up-or-down vote and see just where we all stand so our people will understand our position when the legislation appears, rather than when we have a sense of the Senate that we ought to do this. Let's see what happens on the legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me first respond to our distinguished budget chairman by reading a letter addressed to our distinguished minority leader by the Secretary of the Treasury, Robert Rubin. It is dated March 17, 1999.

DEAR TOM: Thank you for inquiring about the impact of the new debt limits contained in the Social Security Surplus Preservation Act. I appreciate the opportunity to respond to your question. In brief, I am deeply concerned that these limits could preclude the United States from meeting its future financial obligations to repay maturing debt and to honor payments—including benefit payments—and could also run the risk of worsening a future economic downturn.

It has been this Administration's view that fiscal restraint is best exercised through the tools of the budget process. Existing enforcement tools such as the pay-go rules and the discretionary spending limits in the Budget Enforcement Act have been key elements in maintaining fiscal discipline in the 1990's. Debt limits should not be used as an additional means of imposing restraint. Debt is incurred solely to pay expenditures that have previously been authorized by the Congress and for the investment of the Federal trust funds. By the time the debt limit is reached, the Government is obligated to make payments and must have enough money to do so.

If Treasury were prohibited from issuing any new debt to honor the Government's obligations, there could be permanent damage to our credit standing. The debt obligations of the United States are recognized as having the least credit risk of any investment in the world. That credit standing is a precious asset of the American people. Even the appearance of a risk that the United States of America might not meet its obligations because of the absence of necessary debt authority would be likely to impose significant additional costs on American taxpayers. Yet, in November 1995, a debt crisis was precipitated when Government borrowing reached the debt limit and in January Moody's credit rating service placed Treasury securities on review for possible downgrade.

As you know, there is currently a statutory limit on the amount of money that Treasury can borrow in total from both the public and from Federal trust funds. The proposed “lockbox” provision would add a new statutory limit on debt to the public.

The proposed new debt limit runs the risk of precipitating additional debt crises in the future. Although the proposal adjusts the debt ceiling for discrepancies between the actual and projected Social Security surpluses, it does not make similar corrections for unanticipated developments on the non-Social Security side of the budget. While our forecasts have been conservative, the current forecast of the non-Social Security budget could prove too optimistic because of changes in the economy, demographics, or countless other factors. This could cause the publicly held debt to exceed the new debt limit.

Furthermore, even if the debt limit appears sufficient because it covers the annual debt level—measured from end-of-year to end-of-year—it could easily be inadequate for the Government to meet its obligations at a given point during the year. Under normal circumstances, every business day, Treasury makes payments—including Social Security payments on certain days. In any given week, Treasury receives revenues, makes payments, and refinances maturing

debt. Weekly and monthly swings in cash flow can easily exceed on-hand cash balances. When this occurs, Treasury then borrows from the public to meet its obligations. If the amount of publicly held debt were to reach the level of the debt limit—or if the debt limit were to decline to below the level of publicly held debt—Treasury could be precluded from borrowing additional amounts from the public. If Treasury could not borrow to raise cash, it is possible that it could simply have to stop honoring any payments—including Social Security payments.

In this case, Treasury could be prohibited from issuing any new debt to redeem maturing debt. Every Thursday, approximately \$20-23 billion of weekly Treasury bills mature and, every month, an additional \$60-85 billion in debt matures. These securities must either be paid off in cash or refinanced by issuing new debt. Treasury could be put in the position of having to default for the first time in our nation's history.

Congress could defuse the debt limit problems by immediately voting to raise the debt ceiling. Under the "lockbox" proposal, however, it would take sixty votes in the Senate to do so. As past experience indicates, obtaining a super-majority for this purpose is often time-consuming and difficult. Moreover, this requirement would greatly enhance the power of a determined minority to use the debt limit to impose their views on unrelated issues.

Finally, the proposed debt limits could run the risk of worsening an economic downturn. If the economy were to slow unexpectedly, the budget balance would worsen. Absent a super-majority vote to raise the debt limit, Congress would need to reduce other spending or raise taxes. Either cutting spending or raising taxes in a slowing economy could aggravate the economic slowdown and substantially raise the risk of a significant recession. And even those measures would not guarantee that the debt limit would be not be exceeded. A deepening recession would add further to revenue losses and increases in outlays. The tax increases and spending cuts could turn out to be inadequate to satisfy all existing payment obligations and keep the debt under the limit, worsening a crisis.

To summarize, these new debt limits could create uncertainty about the Federal government's ability to honor its future obligations and should not be used as an instrument of fiscal policy. While we certainly share the goal of preserving Social Security, this legislation does nothing to extend the solvency of the Social Security trust funds, while potentially threatening the ability to make Social Security payments to millions of Americans. I will recommend that the President veto the bill if it contains the debt limit provisions. If you have any additional questions, please do not hesitate to contact me.

Sincerely,

ROBERT E. RUBIN.

(Mr. DOMENICI assumed the Chair.)

Mr. HOLLINGS. Mr. President, the interesting thing to this Senator, of course, is the date, March 17. Nothing has changed. We knew that the distinguished chairman of the Budget Committee and his colleagues would be conspiring, as they have delayed us this afternoon to get the exact right conspiracy. To do what? To eliminate President Clinton's budget, on the one hand, and to engage in a charade or fraud, on the other hand, to make the Members, and particularly the media that covers this thing, see the perception is the reality. They are still talk-

ing surplus, surplus, surplus, surplus when we pointed out time and time and time again there is no surplus. We are spending \$100 billion more than we are taking in. But this is to get everybody to think there is some change.

All you have to do is read the distinguished chairman's summary of the Social Security Surplus Preservation and Debt Reduction Act, summary of amendment, April 20, 1999. This is 1 month later. The distinguished Secretary of the Treasury foresaw this amendment. There is nothing complicated about it except its wording and rewording of the statutory provisions of 13301 and many, many other provisions, to mislead, as if it were really doing something.

But, 2, "Uses Social Security surplus to reduce the debt held by the public."

Mr. President, we have been doing that for years and years on end. That is what we call the unified—there it is—the unified deficit. That is when they use the Social Security surplus. We have this chart. We have been using this for years.

As a former chairman of the Budget Committee—I speak advisedly, not politically—I have been trying my dead level best to do what the chairman in this amendment proposes to do, but it is the same act, the same scene, because in 1968 President Lyndon Baines Johnson brought about a merging of the Social Security trust fund with general funds of the U.S. Government so we could then talk about a unified deficit with trust funds. Therefore, you could get a surplus rather than a deficit.

The truth of the matter is, the trust fund surplus from Social Security is \$126 billion. You use Social Security trust funds and you continue to do so.

They say pay down the public debt. Let me get into that paying down the public debt, like it is something other than the national debt. I am in my 33rd year, and the real problem is to really try to stop increasing the national debt and to pay down the national debt.

When we say pay down the debt, do not give monkeyshines of paying down public debt, thereby increasing Social Security debt. The distinguished Senator from Missouri said just a minute ago, if you inherited money, rather than going off to Las Vegas you ought to pay off your home mortgage. This does not pay off the home mortgage. This does not pay down the national debt. It just levels off and obscures the true size of the national debt, whereby we are thinking we are reducing the public debt and we are paying our bills. Not at all.

(Mr. SMITH of Oregon assumed the chair.)

Let's assume, Mr. President, individually I had two credit cards, I had a MasterCard and I had a Visa card, and I got in a big bill from MasterCard, and I said, "Well, I'll take care of that crowd. They've been bringing a lot of pressure on me, so I will just take the Visa card and pay off the MasterCard."

I still owe that much more money. I have just transferred it from MasterCard to Visa. In this case, I am just transferring it from public debt to Social Security. I am using, borrowing, spending—ah, spending—the Social Security moneys to pay down the public debt.

That is all this amendment says, and that is what we have been doing since 1968. But on this long sheet here of—how many pages are here? It is a 17-page amendment, with all these facts and figures. You can find the triggering mechanism on page 10, when they say, "After the Secretary determines the actual level for the social security surplus for the current year, the Secretary shall take the estimated level of the social security surplus for that year specified in paragraph (1) and subtract that actual level." And when you subtract that level, you bring down the public debt. That is the triggering mechanism. The amendment has 17 pages, and you will find it on page 10. The debt goes up, up, and away.

Mr. President, I had to go to the Congressional Budget Office and ask for the trust fund balances. As of February 1999—I have not gotten it for March yet. Let me give you the Congressional Budget Office figures here of what we owe Social Security. That is something you ought to remember, that there isn't any Social Security surplus. Yes, each fiscal year there has been for several years, because we really bring in more than what we have to pay out that particular year. But having spent it, having been paying down the public debt, we have been spending the Social Security money.

So Social Security, as of 1998, \$730 billion in the red; 1999, \$857 billion. These are CBO figures. These are shockers—shockers—to you, because I am reading out how we are increasing the debt, not paying it down.

We are the board of directors of the Government. We are not stock analysts up on Wall Street hoping that the Government does not come in with its sharp elbows, borrowing to pay its bills, running up interest rates, perhaps causing inflation, crowding out corporate finance.

So you will find that the financial community and the Greenspans—oh, they love this "pay down the public debt." They are not elected to office. We are elected as the trustees of the fiscal condition of the U.S. Government.

Here is the most important program we have domestically, the Social Security program. And in 1998, \$730 billion in the red; in 1999, it is projected to be \$857 billion; in 2000, \$994 billion; in 2001, \$1.139 trillion; and in the year 2002, under current policy, paying down the public debt, \$1.292 trillion; in 2003, \$1.453 trillion; in 2004, \$1.624 trillion; in 2005, \$1.808 trillion; in 2006, \$2.001 trillion; in 2007, \$2.205 trillion. And at the end of the 10-year period this particular amendment contemplates, in the year 2008, we will owe, paying down

the public debt and increasing the Social Security debt, \$2.417 trillion.

Now, come on. When you need the money to make the payments, when you can't just depend on the interest cost in 2013, at the end of the year in 2012, you are going to have to start borrowing money. And in 2034 you will be outright broke and you will owe nearly \$4.5 trillion—almost \$5 trillion.

Who would want to be Senators running for reelection? Who would want to get elected to that mess? All you can do is cut down all the programs and raise taxes, unless you can get away with this fraud that is going on.

I use the word "fraud" advisedly. We learned, as freshmen in law school, that it had to be false, and it was intended to be false, and intended to deceive, that it was relied upon, it did cause damage, and the damage was the proximate cause. This particular amendment is knowingly with intent to deceive. It is a fraud. It does not change a thing.

We have been paying down the public debt with Social Security money, and we are running up Social Security's debt, sticking it more and more and more in the red, all under, "We're going to save Social Security 100 percent. It is going to be spent on only Social Security"—absolutely false. When you pay down the public debt, that debt could have been caused by defense, Kosovo, it could have been caused by food stamps, it could be caused by foreign aid or Lawrence Welk's home—I remember when we appropriated money for Lawrence's home—it could be anything.

So when you are paying down the debt, as it says right here on the face of the handout by the distinguished chairman of the Budget Committee—and I read, again, "uses the Social Security surplus to reduce the debt held by the public"—the debt held by the public is cumulative with every and any amount of different expenditures. So it has more to be spent on every and any thing but Social Security, all the time saying they are saving Social Security.

Let me make absolutely clear about this fiscal condition that we are in, because we have a cancer; we have fiscal cancer.

Mr. President, I have a good friend over on the House side, the chairman of the Transportation Committee, Mr. SHUSTER. And he is finally going to spend some highway moneys on highways. Bless him. I am 100 percent for him, because I have been in this game now ever since we started the budget process in 1973, 1974, with Senator Muskie. I have been the chairman of the committee.

But here are the trust funds. The Secretary of Treasury refers to trust funds. Somebody will say, they are not trusts, but they are supposed to be. "For the investment of Federal trust funds" is the expression used by Secretary Rubin. I am using the same expression: "Trust fund looted to balance the budget."

In 1999, here is what we owe Social Security: \$857 billion; Medicare, we got \$129 billion for the HI portion of Medicare and 39 billion for the SMI portion; for military retirement, \$141 billion; for civilian retirement, we owe \$490 billion—that is civil service employees; they ought to know it; it is going up—unemployment compensation fund, \$79 billion; highway moneys, \$25 billion; airport moneys, \$11 billion; railroad retirement, \$23 billion; and "other," like the Federal Finance Bank, \$57 billion. So we owe our trust funds \$1.851 trillion.

By this 5-year period, at the end of 2004, we will owe \$2.954 trillion under current policy, and the amendment of the Senator that has just been put in by the majority leader—I wasn't here when it was introduced, but I understood he was going to put it in or the chairman of the Budget Committee—the one under consideration, in 5 years, we will owe \$3 trillion to all of the particular trust funds. And the distinguished Senator from Texas came down to the floor of the Senate, and this is a quote of what he said on April 15:

I believe that this is an excellent budget. I think, looking at the whole package, it is the finest budget presented in America in the 20 years that I have served in Congress.

Do you know what it does, Mr. President? It just breaks all the discipline, the little discipline that we do have that has been in the pay-go rules. So once we settle out, then any amendment that came in, you had to have an offset.

Here is what they do in the conference report so that they can go ahead with tax cuts and anything else they want. Of course, the manifest intent is to do away with Social Security, privatize it. In order to privatize it under Milton Friedman's plan, you need what? You need these surpluses. You need the \$1.8 or the \$2 trillion or, if you do it in the year 2004, you will need \$3 trillion. So you will need these surpluses.

Here's how you get them. Section 202 of this budget—here is the conference report on the budget:

Whenever the Committee on Ways and Means of the House or the Committee on Finance of the Senate reports a bill or an amendment thereto is offered or a conference report thereon is submitted that enhances retirement security through structural programmatic reform, the appropriate chairman of the Committee on the Budget may, one, increase the appropriate allocations and aggregates of new budget authority and outlays for the amount of new budget authority provided by such measure and outlays flowing therefrom for that purpose. Two, in the Senate, adjust the levels used for determining compliance with the pay-as-you-go requirements of section 207. And, three, reduce the revenue aggregates by the amount of the revenue loss resulting from that measure for that purpose.

There go your tax cuts.

What does this mean? It means what the distinguished chairman of the Budget Committee says. Whenever the Committee on Ways and Means of the House or the Committee on Finance re-

ports a bill, an amendment thereto, the chairman can decide, the appropriate chairman of the Committee on the Budget, he can tell you what that means; it means what he says.

I am speaking as seriously as I know how. I have never seen the extreme of the shenanigans and the maneuvers and the misleads and the fraud going on politically, all to get by the next election, specifically using Social Security trust funds.

Let's go back, Mr. President, to the Greenspan Commission. The Greenspan Commission, in 1983, said we are going to institute this payroll tax; namely, the 6.2 percent, the payroll by the employer, and 6.2 percent by the employee, for 12.4 percent. And we know that is a high payroll tax. But we are putting that in to take care of the baby boomers in the next generation. That is why it was put in that way.

And to make sure that it was set aside, section 21, Mr. President, provided just exactly that. It provided that it be set aside and that—if I can find that section, I will show it to you, section 21. It said remove Social Security from the unified budget. That has been the on-budget, off-budget, unified and all that, un-unified, private debt, public debt, trust fund debt, everything else—it is just one account. But I will read section 21:

A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI and SMI Trust Funds should be removed from the unified budget.

It took this Senator on the Budget Committee almost 7 years before I could finally get it reported out of the Budget Committee, that particular provision.

I ask unanimous consent that section 21 of the Greenspan Commission report be printed in the RECORD.

There being no objection, section 21 was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY AND THE UNIFIED BUDGET

(21) A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI, and SMI Trust Funds should be removed from the unified budget. Some of those who do not support this recommendation believe that the situation would be adequately handled if the operations of the Social Security program were displayed within the present unified Federal budget as a separate budget function, apart from other income security programs.

Mr. HOLLINGS. I thank the Chair.

I think we have in here section 13301. I ask unanimous consent that we print in the RECORD at this point section 13301 of the Budget Enforcement Act.

There being no objection, section 13301 was ordered to be printed in the RECORD, as follows:

SEC. 13301. OFF-BUDGET STATUS OF OASDI TRUST FUNDS.

(a) EXCLUSION OF SOCIAL SECURITY FROM ALL BUDGETS.—Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget, or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) EXCLUSION OF SOCIAL SECURITY FROM CONGRESSIONAL BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: "The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any . . ."

Mr. HOLLINGS. I thank the distinguished Chair. I will read "Exclusion":

Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: "The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors and, disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code."

And it goes on in paragraph (a) saying that the Social Security trust fund . . . shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of the budget of—(1) the budget of the United States Government as submitted by the President, (2) the congressional budget, or (3) the Balanced Budget and Emergency Deficit Control Act.

Now, true it is, the amendment reiterates that particular section. But that has been in the disabuse, the disavowal, the violation thereof ever since 1990, when President Bush signed it into law on November 5 of that particular year. And this particular amendment continues to put it within the unified by paying it down.

Now, that has been the big problem all along. And so at the beginning of the year, when I fortunately began to hear music to my ears that both the White House and congressional leaders on both sides were saying again and again that they were going to save Social Security, I got with my friend Ken Apfel, who used to work for the Budget Committee and is the Administrator of Social Security today, and, as a result, we introduced S. 605, a bill to solidify the off-budget status of the Old Age Survivors and Disability Insurance Program under title II of the Social Security Act and to protect program assets. Let me read section 5:

Notwithstanding any other provision of law throughout each month that begins after October 1st, 1999, the Secretary of the Treasury shall maintain in a secure repository or repositories cash in a total amount equal to the total redemption value of all obligations issued to the Federal old age and survivors insurance trust fund and the Federal disability insurance trust fund pursuant to section 201(d) of the Social Security Act that are outstanding on the first day of such month.

Mr. President, that really puts it into a lockbox. It is in the Budget Committee. I have asked the chairman to let us bring it up. I would be delighted to have hearings on it. We would give anything to have a vote on it, but they have filled up the tree so I

can't put it in as an amendment here. Maybe we can get it at the end of the so-called cloture vote and put it in when we get an up-or-down vote on this.

But section 201(d) requires the Social Security Administration to invest in Treasury bills, Government securities. Necessarily, they get the IOU and the Government gets the money. But if you immediately transfer an equal amount of money back to a trust fund in Treasury, as section 5 requires, then you have the lockbox where the money is only expended for Social Security purposes.

Now, this has been drawn with the assistance of the Social Security Administration. And some of my colleagues, when I showed it to them, they said: Wait a minute, that's what you are going to do. What you are going to do with the money is, you do exactly with the money as you did between the years 1935 and 1968 before you started this monkeyshine of a unified budget, spending all of the Social Security trust funds. That is what happens. You keep it right over there and it gets the highest amount permissible by law under T bills today, which this year in interest will be \$48 to \$50 billion in interest that it earns.

This money is supposed to be earning, on the one hand, and kept in trust, those earnings, and the total fund on the other hand. Instead, we are spending the interest and the fund itself. We are breaking Social Security, and coming out here bald-faced and saying we all want to save Social Security, and not one red cent is going to be spent on any other than Social Security. It is one grand fraud.

Mr. President, let me just emphasize, since I have the page turned here on public debt and private debt, or gross Federal debt—I am referring to an analysis of the President's budgetary proposals for fiscal year 2000. I asked CBO, "What do you really leave out when you call it this public debt? What part of the debt, the overall public and private, or trust fund debt, goes into the national debt?" This is held by the public. I am referring to page 74, April 1999, the most recent report of the Congressional Budget Office: Debt held by the public is the amount of money that the Federal Government has borrowed by selling securities to finance all of the deficits less any surpluses accumulated over time. Under the CBO's apparent baseline forecast, debt held by the public is estimated to decline from \$3.6 trillion in 1999 to \$1.2 trillion in 2009. Gross Federal debt consists of debt held by the public and debt issued to Government accounts.

Like you issue and you receive in Government accounts, most of the latter type of debt is held by trust funds, the largest of which are Social Security and Federal civilian employee retirement funds.

Because Treasury handles investment by trust funds and other Government accounts, purchases and sales of

such securities do not flow through the credit markets. Therefore, interest on those securities is considered to be an intragovernmental transfer.

That is what I call the monkeyshine when they take from one and give it to the other. You only are talking about the one that you are giving, and you are saying you are reducing the public debt, but you are increasing Social Security debt and saying in the same breath you are saving Social Security when you are looting it, when you are savaging it. You are ruining it. There is no question that is what is going on, and that is what this amendment calls for.

Back in 1983, if we had any idea that Social Security trust funds were going to be spent for any other purpose, you would have never passed that tax increase on Social Security, that payroll tax. You would never have been able to get the votes.

We all talked and revered ourselves out here on the floor with the flourishes of how we were saving Social Security, that we weren't going to let it get in the red anymore, and how we are going to take care of the baby boomers in the next generation, and that we are not going to have it go bust. Instead, it is not the baby boomers that continue to talk. It is the adults on the floor of the Congress totally in violation of all Government policy. We are going to private corporations. And in 1994 we passed the Pension Reform Act and said there are too many of these takeovers. Well, these fast money artists come in and pay down a good conservative-run company. They pay down the company's debt with the pension fund, and then take all the money and run. We said that is going to have to stop, and we are going make it a felony if you do it.

So we passed the Pension Reform Act of 1994.

Colleagues have heard me tell the story of Denny McLain, because I saw it in the New York Times whereby Mr. McLain, the all-time pitcher for the Detroit Tigers, became the head of a corporation, paid off the debt with the company pension fund, got fired, convicted of a felony, and sentenced to 8 years. Mr. President, if you can find what cell poor Denny is in, tell him next time run for the Senate. Instead of the jail term, he would get the "Good Government Award."

We stand out here bald-faced and say how we are saving Social Security when we are spending it on the debt. Don't get all caught up with public debt like they want. That is what they want. They want us to meet ourselves coming around the corner. By the year 2000, next year, we will owe \$2 trillion, and by the end of the 5-year budget period, we will owe trust funds—the Government itself—\$3 trillion.

I can tell you. You couldn't do this in corporate America. We would be all fired as the directors.

But that is what happens and what occurs then. Finally, the fiscal cancer

grows in droves. What happens is then it is projected that this year there is \$356.3 billion in interest costs.

Let me just say a word about that. I see other colleagues here on the floor, who I would be glad to yield to.

But I am trying to emphasize again and again that this amendment does nothing more than increase our fiscal cancer. It does not save Social Security. It puts Social Security deeper in the red. That is what happens here when you get the forced spending like taxes for interest costs on the national debt, which is part of the public debt, too, and the debt owed to the trust funds—what they might call if we were a private entity our “private debt.” But what happens is, as with Lyndon Johnson, President Johnson, back in 1968 when we last balanced the budget, when the Government last balanced the budget, in 1968–1969 we ended up with a surplus. We didn’t use Social Security moneys, incidentally. At that particular time, there were about 200 years of history, and the cost of all the wars from the Revolution on up to World War I, World War II, the cost of Vietnam, Korea, the debt was less than \$1 trillion. And the interest cost was only \$16 billion—one-sixth—\$16 billion. Here, without the cost of a war and the ensuing years, it has gone up to \$1.2 trillion.

So we have increased spending for nothing, absolutely nothing. This is what I call “fiscal cancer.” You put in a sales tax. You get a school. You put in a gas tax. You get a highway. You put in other taxes. You get general government. But you put in this interest tax, for this charade, fraud, maneuver, political maneuver, and the cancer continues to grow. As the amount shows here on its face, for the next 5 years, the interest costs go up.

Here we are forced to spend \$340 billion more than what President Johnson spent when the budget was last balanced.

Mr. President, just think of that \$340 billion that I am going to spend this year, next year, next year. In fact, it is going up, up and away in interest costs. This is all under current policy, incidentally. And we have already destroyed current policy by passing an \$18 billion military pay bill.

We have now, and we are all going to vote for it, I think, \$6 billion for Kosovo. We have already busted the caps \$21 billion. That is not the case here. This is saying that you have not busted the caps, that you had no Kosovo, that you had not voted \$18 billion for the military. But just think of that \$340 billion more. I could give \$80 billion to paying down Social Security or saving Social Security. I could give \$80 billion to pay down the public debt. I could give \$80 billion for the Republican tax cut. I could give \$80 billion for the Democratic spending programs, for Medicare and otherwise. That is only \$320 billion. I would still have \$20 billion for a parade and a party. As I promised my distinguished chairman, I

would jump off the Capitol dome if he balanced the budget by the year 2002. That was a couple of years ago—or 2001. I am still willing to reiterate that pledge.

They are not balancing the budget. We are spending, as you can see, \$105.2 billion more than we are taking in, according to CBO this year, and \$91.8 billion more than we are taking in for the budget that we are working on for the year 2000. That is what I call fiscal cancer, and nobody wants to talk about it. They want to say: Oh, everything is coming up like roses. It is morning in America, whatever else, any kind of political jargon. But the reality is there. I have a record and I did not just come to this recently. I put in the sales tax, back in 1949 and 1950 for public education in my own State. I got the first triple-A credit rating of a southern State.

I have been chairman of this Budget Committee and I have been watching. I am trying to educate the media, that is the only saving grace I have, if they could finally come out like Barron’s did and say there is no surplus. Everybody is talking about using the Social Security surplus. Mr. President, I do not think I can get this printed in the Record—but here the Concord Coalition has finally come around, and a few others have come around and said it—but Barron’s, dated March 1: “There is no budget surplus.”

If we could talk sense to each other, we could figure out how to get out of this thing. I said let’s do it the way the Social Security Administration said; let’s save it, let’s put it in a true lockbox, S. 605. I thought when I passed 13301 that I had put it in a lockbox, on November 5, 1990. We said it never would be spent and be used to reflect the financial condition, but they violate it regularly.

S. 605 now says that you have to keep the money there. That is how we did it for years on end. It was fiscally sound. That is what is required of other pension funds, that they maintain their fiscal soundness.

With that in mind, I yield the floor. Several Senators addressed the Chair.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from New Jersey.

Mr. LAUTENBERG. Thank you, Mr. President, for recognizing me.

Mr. President, I support the underlying bill to reform the rules governing emergency spending that has been reported out of the Committee on Governmental Affairs. Two amendments to that bill have now been offered, a first-degree amendment and a second-degree amendment, which blocks further amendments. The pending amendments are proposing to establish what is being called a Social Security lockbox.

Unfortunately, this lockbox is not secure. And it actually could undermine Social Security.

We Democrats have a far better alternative. Ours is a true lockbox. And it protects both Social Security and Medicare in a much more responsible way.

Before I comment further on the lockbox proposals, I want to review the underlying bill before us, which would make significant improvements in the treatment of emergency spending.

Emergency spending is not casual spending. It is so important that it is exempt from budget rules. And that is as it ought to be, because it involves responding to things like floods, earthquakes and volcanoes.

We can all identify parts of the country—the floods in the Midwest, the volcano in the State of Washington, and the terrible earthquake damage in California. Those are emergencies. They are immediate threats to American public health and safety, and Congress often has to act promptly to avoid the loss of life and property.

Unfortunately, the emergency exception has been abused. Last year, Congress stretched the rules past the breaking point in the omnibus appropriations bill, which included many items of questionable emergency designation, especially those for military spending. These were declared emergencies when, in fact, we were not looking at Kosovo and these items were not needed to respond to an imminent threat.

Mr. President, Congress has been able to abuse the emergency designation in part because the rules have been totally open-ended.

To address the problem, the Governmental Affairs bill proposes a new definition of “emergencies” and a point of order to help prevent conference committees from inserting unjustifiable new emergency spending. It is a good bill. And I commend Senator THOMPSON and Senator LIEBERMAN for their leadership.

Mr. President, while we were considering the budget resolution, the Senate approved an amendment offered by the distinguished Senator from Illinois, Senator DURBIN, that was based on this legislation. Yet the conferees on the budget resolution ignored the Senate’s position. Instead, the conferees constructed a 60-vote point of order that now applies to all emergency spending—but with a huge loophole. Military spending was completely exempted, whether it was for new weapons systems or whatever.

Mr. President, Heaven knows that all of us want to support our military, and want to make sure that what we are doing in Kosovo is fully supported. I, for one, hope that we will do whatever we can to bring this wave of atrocities to a halt. So I am not complaining about military spending.

But, Mr. President, I thought that what the conferees on the budget resolution did was wrong. It was an abuse of the conference process since neither Senate nor House had approved anything like this. They just came up with it on their own.

I also thought it was bad policy.

Mr. President, there is no reason to allow 41 Senators to overrule 59 Senators who want to provide emergency spending for a flood, tornado, hurricane, or earthquake. And there is no reason to create a higher hurdle for a legitimate disaster than for a new weapons system.

I am afraid, Mr. President, that a 60 vote point of order against emergency designations is itself subject to abuse. One can conceive of all kinds of mischief to punish a particular senator or state for political reasons. And we should not to allow that kind of abuse.

Unfortunately, Mr. President, the amendment before us would leave this problematic approach from the budget resolution in place. Even worse, it would write it into law. I think that would be a serious mistake.

Now, Mr. President, I want to turn to the proposal to establish what proponents call a lockbox.

I strongly support the purported goal of this amendment; that is, to secure the future funding of Social Security. But I have three major problems with this proposal.

First, it does nothing to protect Medicare. Instead, it allows Congress to divert funds needed for Medicare in order to provide tax breaks for the wealthy.

Second, it threatens Social Security. Under the amendment, an unexpected economic downturn could block the issuance of Social Security checks. This would deal a serious blow to so many of our elderly who are dependent on Social Security.

Also, the amendment contains a booby trap that would allow Social Security contributions to be invaded for purposes other than Social Security benefits, like a risky new privatization scheme.

And third, the amendment could create a Government default—a U.S. Government default. It could undermine our Nation's credit standing, increase interest costs, and ultimately lead to a worldwide economic crisis.

I want to explain each of these in turn. The Medicare trust fund is now expected to be bankrupt by 2015—only 16 years away. We ought to move quickly to reform and modernize the program. But it is also clear that we will need additional resources. That is why most Democrats believe it is critical to save some of the surplus for Medicare.

Our Republican friends say they agree about the importance of saving some of the surplus for Social Security. But when it comes to saving for Medicare, they are not willing to reserve a single penny. Instead, they want to use funding that is needed for Medicare to provide any other things they favor, including tax breaks which are largely for the wealthy.

We Democrats think that is a mistake. And that is why I have developed a lockbox that would reserve funding for Medicare as well as Social Security.

And I hope to have an opportunity to offer that proposal with Senator CONRAD of North Dakota.

Beyond its failure, Mr. President, to protect Medicare, the second major problem with the pending amendment is that it fails to protect Social Security. Actually, in some ways it threatens Social Security benefits.

First, it threatens to block the issuance of Social Security checks if the economy slows, or if the Congress fails to act responsibly. If the limit on public debt is exceeded, even by the smallest of margins, the Government could not issue more Social Security checks, and checks already issued could not be honored.

The Republicans say they protected Social Security benefits by providing that such benefits would be given—and I quote—“priority.” But this language will be of no use if the debt limit has been exceeded.

In that situation, no new checks could be issued. And that applies not only to Social Security checks, but unemployment compensation, Medicare payments and all other Government payments as well.

The lockbox amendment also includes a huge loophole. I call it a mine field. And it could allow Social Security funds to be used for a wide variety of purposes, anything that Congress labels as Social Security reform.

Mr. President, these are code words. They say we are going to lock the door, but we are going to leave it open just a crack or two—something people wouldn't do in their safe deposit box, something they wouldn't do in their homes. We want to leave a couple of catch phrases in here like “retirement security,” like “reform,” and so that we do not really guarantee that Social Security surpluses are going to be reserved for Social Security beneficiaries.

We had a vote here, 98 to nothing. We said that all Social Security surpluses should be reserved for Social Security recipients. 98 to nothing. But it didn't take long for the conferees on the budget resolution—those from the majority party—we weren't included—to put that vote in the trash basket. They included vague language that would allow Social Security surpluses to be used for, and I quote, “retirement security.”

Similarly, the language of this amendment includes an escape hatch that will allow Congress to divert Social Security surpluses for anything that Congress labels as Social Security reform.

I heard the distinguished chairman of the Budget Committee say earlier today that much of our surpluses ought to be reserved to give tax cuts to the people. It is not a bad idea. We like tax cuts, targeted tax cuts. But the leading Republican tax proposal, S. 3, would give those in the top one percent, with average incomes of \$800,000 a year, a \$20,000 tax cut. Meanwhile, some poor guy who works for a living, and his

wife, or maybe a single parent who is working out there and making \$38,000 a year, is going to get 99 bucks. That is what the Republican leadership has proposed.

So I would say to that \$800,000 wage earner: Sorry, buddy, we are not going to give you the \$20,000 that you could use to put a downpayment on a yacht or whatever else you want to do.

My conscience doesn't bother me at all when I say that tax cuts ought to be reserved for people who need proper day care for their children or need to help an elderly parent who has special medical problems.

Mr. President, when the Social Security trust fund goes bankrupt in 2034, it will be able to pay only about 70 percent of the promised benefits. Diverting payroll taxes for other uses, as this amendment allows, could make matters much worse. The date of insolvency could be moved up and arrive earlier. And instead of being able to pay only 70 percent of promised benefits, we would be able to pay even less.

The issue here is not whether to establish private savings accounts, as many have suggested. President Clinton has recommended one form of such accounts, his USA accounts. Others have similar ideas.

But when Social Security already is 30 percent short of being able to provide promised benefits to baby boomers, we can't afford to invade its funds for other uses. If we want to establish private accounts, we can use other funds. We shouldn't permit even deeper cuts in guaranteed benefits.

It also is important to understand that this amendment would do nothing to extend the life of Social Security trust funds. That is not just my opinion, it is a fact.

To back that up, I have a letter from Mr. Harry Ballantyne, chief actuary of the Social Security Administration. As Mr. Ballantyne writes, the adoption of this proposal would have no significant effect on the long-term solvency of the program—none.

I ask unanimous consent that a copy of this letter from the chief actuary of the Social Security Administration be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY ADMINISTRATION,
April 19, 1999.

Hon. FRANK R. LAUTENBERG,
U.S. Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: This letter addresses the potential long-range financial effects on the OASDI program of “locking away” the annual increases in the Social Security Trust Funds, as proposed by Republican leaders in the Senate and the House on March 10, 1999. The proposal would require that annual increases in the OASI and DI Trust Funds would be used solely to purchase long-term special issue U.S. government bonds. In addition, the proposal would require that the revenue used for the purchase of these bonds would in turn be used solely for the purpose of reducing Federal debt held by the public. Of course, the net

change in the Federal debt held by the public in any year would also be affected by the size of any on-budget deficit or surplus for that year.

The proposal would not have any significant effect on the long-range solvency of the OASDI program under the intermediate assumptions of the 1999 Trustees Report. Thus, the estimated long-range actuarial deficit of 2.07 percent of taxable payroll and the year of the combined trust funds' exhaustion (2034) would not change. The first year in which estimated outgo will exceed estimated tax income would not be affected and would therefore remain at 2014.

Any plan that reduces the amount of Federal debt held by the public may make later redemption by the Trust Funds of special issue U.S. government bonds easier.

Sincerely,

HARRY C. BALLANTYNE,
Chief Actuary.

Mr. LAUTENBERG. Mr. President, it is critical that Congress act promptly to extend the solvency of Social Security. President Clinton has presented two related proposals that would extend Social Security's life through 2059. Some of my colleagues don't like those proposals. That is fair. But if they do not like his ideas, they should propose some of their own. So far, they haven't done it. And no one should be fooled into believing that this lockbox proposal is an answer.

Finally, the most serious problem with this proposal is that it threatens to lead to a Government default. In the short term, that could damage our Nation's credit standing and increase interest costs.

Treasury Secretary Rubin has written an excellent letter that explains the severity of the risks posed by this proposal. I note that the distinguished Senator from South Carolina already talked about this and has asked that Rubin's letter be printed in the RECORD. It was accepted on a unanimous consent basis. No Senator should vote on the pending amendment until they have read this letter. And it is hard to see how anyone could endorse the amendment after reading that letter.

Unfortunately, this amendment could very well lead to a serious debt crisis in the future. Proposed limits on publicly held debt would be exceeded if current projections of the non-Social Security budget proved too optimistic. And, even if Congress tried in good faith to comply with new public debt limits, those limits could be reached due to changes in the economy, demographic shifts, or a variety of other factors.

Mr. President, the sponsors of the amendment say that they have included a provision to ensure that a recession would not trigger a default. However, that provision won't always work. The provision would only become effective after two quarters of low economic growth. We could be in a deep recession for nearly 7 months before the exemption kicks in. By then, it could be too late. We could already be in default.

Mr. President, our Nation has never defaulted on a debt backed by the full

faith and credit of the United States. But this amendment could trigger default based on factors completely beyond our control. That wouldn't just block Social Security and other checks; it could easily lead to a worldwide financial crisis. That could prove catastrophic.

Mr. President, this is crazy. If suddenly the economy slows, revenues decline, or expenditures increase unexpectedly, for any reason, why should we risk the world's economy? It is like forcing the whole world to play a game of economic Russian roulette.

I would note that the Republican chairman of the House Ways and Means Committee, Congressman BILL ARCHER, recognizes the folly of this approach and strongly opposes it. So this shouldn't be a partisan issue. He is not a Democrat. And I hope others on that side of the aisle will also join in opposition. There are other more responsible ways to enforce budget discipline. And that is what we Democrats are proposing.

Senator CONRAD and I have developed an alternative lockbox to protect surpluses for both Social Security and Medicare, and we hope to have an opportunity to present it to the Senate. Our proposal would reserve all Social Security surpluses for Social Security and a portion of other surpluses for Medicare. Our lockbox would be enforced first by requiring 60 votes to invade the lockbox. Then, if Congress raided projected surpluses, other programs would be cut across the board. We think this makes more sense than the potential triggering of a default and a worldwide economic meltdown.

So I will briefly review the main problems with the proposal in front of us.

It does nothing to protect Medicare. It allows Congress to spend money needed for Medicare on tax breaks for the wealthy.

Second, it threatens Social Security. It could block Social Security checks when the economy performs worse than expected. And it includes a trap door that allows Social Security taxes to be invaded for purposes other than Social Security benefits, like risky new privatization schemes.

Finally, the amendment threatens a default on debt backed by the full faith and credit of our country. This could increase interest costs immediately, and ultimately lead to a worldwide economic catastrophe.

For all of these reasons, Mr. President, I hope my colleagues will recognize the serious problems with this amendment, and that we will be given an opportunity to offer amendments to improve it.

Unfortunately, right now, we Democrats—45 of us—are being prevented from offering amendments that we think are needed to protect Social Security and Medicare beneficiaries. We are prohibited by a trick called filling the amendment tree. This prevents us from offering amendments, under the Senate rules.

Mr. President, I hope my colleagues will give us the opportunity to offer amendments. We need a lockbox for Social Security. But it should be a real lockbox, without an escape hatch. It should protect Medicare as well. And it should be designed in a way that doesn't pose a threat of a Government default and a worldwide economic crisis.

Mr. President, I hope that we can come together on an understanding—that the 98 Senators present last week voted on—that Social Security surpluses should be reserved exclusively—no ifs, ands, or buts—for Social Security beneficiaries. No loopholes. No escape hatches. No little crack in the door of the lockbox.

I hope our colleagues will think seriously about this when they vote. And I want the American public to take note of what is going on here. They are the final arbiters of whether or not we are doing the right thing.

Mr. President, I thank the Chair for his courtesy.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. ALLARD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION

Mr. ALLARD. Mr. President, I send a cloture motion to the desk to the pending lockbox amendment, No. 254.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the pending amendment No. 254 to Calendar No. 89, S. 557, a bill to provide guidance for the designation of emergencies as part of the budget process:

TRENT LOTT, PETE V. DOMENICI, BEN NIGHTHORSE CAMPBELL, JEFF SESSIONS, KAY BAILEY HUTCHISON, CRAIG THOMAS, SLADE GORTON, CHUCK HAGEL, SPENCER ABRAHAM, THAD COCHRAN, PAT ROBERTS, CONRAD BURNS, CHRISTOPHER S. BOND, JOHN ASHCROFT, JON KYL, and MIKE DEWINE.

Mr. ALLARD. Mr. President, on behalf of the majority leader, for the information of all Senators, this cloture vote will occur on Thursday. The majority leader will announce to the Members the time of the vote later today.

CALL OF THE ROLL

Mr. ALLARD. Mr. President, I ask unanimous consent that the mandatory quorum under rule XXII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONGRESS NEEDS TO MOVE FORWARD ON A RESPONSIBLE TITLE BRANDING MEASURE

Mr. LOTT. Mr. President, a few weeks ago I reintroduced the National Salvage Motor Vehicle Consumer Protection Act, S. 655. This bipartisan bill has several cosponsors including Senator BREAUX. It is similar to the measure that Senator Ford and I coauthored during the 105th Congress.

This responsible legislation is important to used car buyers and motorists across the country because it will help curtail motor vehicle titling fraud. It does so by providing states with incentives to adopt minimal uniform definitions and standards that promote greater disclosure to potential used vehicle purchasers.

During the last Congress, this legislation received the formal support of over 55 of our colleagues from both sides of the aisle and a modified version passed the House of Representatives by an overwhelming majority last October.

Mr. President, every year used car buyers throughout the nation are cheated by those who pass off rebuilt salvage vehicles as undamaged. These consumers are never notified that the used vehicle they purchased was totaled and subsequently rebuilt. Often times, they find out only when the supposedly undamaged car or truck they bought is taken in for repair. It is at this point that they find their vehicle has been rebuilt and that it may pose a safety hazard. One where the cost of repair far exceeds the vehicle's worth or which cannot be fixed for safe operation.

Today, used car buyers and automobile dealers are paying over \$4 billion dollars annually for vehicles that have been rebuilt—many of which are virtually worthless. It is happening in Mississippi and in your own states. Title laundering is a growing problem. It must be stopped.

Congress recognized the primary reason that millions of structurally unsafe vehicles were being placed back on America's roads and highways was due to the lack of uniformity in state titling rules. That is why the 103rd Congress passed the Anti-Car Theft Act of 1992 which required the Department of Transportation (DOT) to establish a task force, the Motor Vehicle Titling, Registration and Salvage Advisory Committee, to study problems related to motor vehicle fraud and theft. The Act directed the Committee to include representatives from several cabinet agencies, police chiefs and municipal auto theft investigators, State motor vehicle officials, industry and insurance representatives, recyclers, salvage yard operators, and scrap processors. Their primary function was to develop reasonable and balanced recommendations that would protect consumers.

The Salvage Advisory Committee was formed in 1993. It was chaired by the Chief of the Odometer Fraud Staff for the National Highway Traffic Safe-

ty Administration. It included the Justice Department's Assistant Director for Consumer Litigation and a senior attorney from the Criminal Justice Division. It also included several Secretaries of State, State DMV Directors and other stakeholders. These are the experts on the front line who deal with titling issues on a day-to-day basis that Congress chose for the Committee. The Salvage Advisory Committee deliberated for almost a year and issued its findings in February 1994. The Committee's report identified a series of practical, well thought out solutions to address the issue of title washing. It included the establishment of national uniform titling definitions and standards for salvage, rebuilt salvage, flood, and non-repairable passenger vehicles.

This esteemed group knew what would work and what would not. They did not recommend a complex, overly burdensome titling and registration scheme. Instead, they identified a few definitions that should be standardized and minimal procedures that should be adopted by states.

The task force recommended that a passenger vehicle that experiences damage exceeding 75% of its pre-accident value be designated as "salvage."

It also recommended that salvage vehicles that have been repaired for safe operation be branded "rebuilt salvage," have an inspection to determine whether stolen parts were used to fix the vehicle, and have a decal permanently affixed to the driver's door jamb indicating the vehicle's history.

The Salvage Committee identified a nonrepairable vehicle as a passenger motor vehicle that is incapable of safe operation for use on roads or highways and which has no resale value except as a source of parts or scrap.

Another recommendation included the carrying forward of all brands on new title documents so that the terms used in one state would be identified on the titles of other states where the vehicle is re-registered.

Mr. President, Senator Ford and I simply authored a bill during the last Congress that codified these task force recommendations.

The bill also included a slightly modified definition of flood vehicles. One that focuses on the electrical and mechanical damage resulting from excessive water. The task force originally recommended that all passenger vehicles submerged in water that has reached over the door sill or has entered the passenger or trunk damage be designated as a flood vehicle.

Upon further reflection, and actual real world experience, the flood definition in this legislation was modified to brand only those vehicles that suffer debilitating damage instead of simply cosmetic damage, such as wet carpeting, that would have occurred under the original flood definition. The reason for this change was to ensure that a consumer's vehicle is not branded as a flood vehicle merely because its floor mats got wet. It makes no sense to

brand a car or a truck as a flood vehicle, causing a significant and unnecessary devaluation of its worth, when the vehicle's operating functions and electrical, mechanical or computerized components are not damaged by water. This legislation also improves upon the task force's recommendations by including any vehicle acquired by an insurer as part of a water damage settlement.

S. 655, the National Salvage Motor Vehicle Consumer Protection Act retains these important provisions and also includes additional technical corrections offered by state Attorneys General, consumer groups, and the U.S. Department of Transportation. Modifications that improve the legislation but do not take it in a completely different direction than proposed by the Salvage Advisory Committee. The changes I have made are consistent with the Supreme Court's decision in *New York v. United States*, 505 U.S. 144. The bill now includes the complete range of modifications that states are willing to make to their own titling rules and procedures. To push the envelope further by advancing prescriptive federal titling standards would seriously hinder Congress' efforts to achieve full state participation. Stricter titling requirements, those that create unnecessary and onerous procedures, additional paperwork, and more bureaucracy may also impose an unfunded mandate on states.

Mr. President, my colleagues and I believe that it is time to act upon the task force's now five-year old recommendations by enacting the National Salvage Motor Vehicle Consumer Protection Act. A number of hearings have been held on this issue in both the House of Representatives and the Senate. All with the same conclusion—title washing is a serious problem affecting the wallets of used car buyers and the safety of motorists nationwide. Since the Salvage Advisory Committee issued its report in 1994, consumers have lost as much as \$20 billion and as many as 8 million more potentially structurally unsafe vehicles have been placed back on our nation's roads and highways. Some of the unsafe salvage vehicles stealthfully returned to the road were previous Department of Transportation crash test cars. These are cars that were deliberately wrecked, then rebuilt and sold to unsuspecting buyers across America.

The National Salvage Motor Vehicle Consumer Protection Act would help put unscrupulous rebuilders out of business. It is a workable and well accepted legislative solution. It establishes a rational voluntary uniform titling regime that state Motor Vehicle administrators support. The bill is also supported by law enforcement agencies, consumers, and the automobile and insurance industries because it is a common sense approach that will effectively curtail title laundering.

It is a program that state legislatures will adopt because it is a win-win